MEMORANDUM

Date: March 5, 2020
To: Parks & Recreation Commission
Cc: Josh Durand, Director
From: Parks and Recreation Department
Project: PRC 20-04 Hilltop Ski Area Lease Renewal

OVERVIEW
The MOA Office of Economic & Community Development is taking steps to renew the term of the lease for operation of the Hilltop Ski Area in Far North Bicentennial Park. The attached letter from OECD Director Chris Schutte provides additional background.

As noted in the letter, the lease was authorized by popular vote in 2000. The original lease was for a 20-year period expiring in April 2020. The renewed lease would be for a 10-year extension, expiring in 2030.

A copy of the lease is attached, including one amendment, approved in 2005. Also attached is AO No. 2000-43 with original approval of the lease.

As also noted in the attached letter, the leaseholder, Youth Exploring Adventure, Inc., d/b/a Hilltop Ski Area, has used, managed, and developed the designated 160-acre area for winter recreation. The Parks and Recreation Department is not currently aware of any problems that would lead us to recommend against renewing the lease.

STAFF RECOMMENDATION
The Parks and Recreation Department recommends the approval of the proposed renewal of the lease between the MOA and Youth Exploring Adventure, Inc., d/b/a Hilltop Ski Area, for a 10-year term.

Attachments:
Letter dated 03/04/20 from MOA OECD
Lease Agreement dated 6/20/2000
Amendment No. 1 to Lease Agreement, dated 7/22/05
AO No. 2000-43
WHEREAS, the Anchorage Parks and Recreation Commission serves in an advisory capacity to both the Mayor and the Assembly; and

WHEREAS, the Anchorage Parks and Recreation Commission has the responsibility and duty to provide for the long term vision of our park system by ensuring that a balance of parks, natural resources, and recreation facilities provides for the health, welfare, and safety of all residents of the Anchorage Bowl; and

WHEREAS, AO No. 2000-43 and related Ballot Proposition were approved, authorizing the long-term lease (not exceeding 30 years) of the Hilltop Ski Area, approximately 160 acres, in Far North Bicentennial Park; and

WHEREAS, the first lease of 20 years, dated June 20, 2000, amended July 22, 2005, is expiring and provides that the lease may be renewed for an additional 10-year term; and

WHEREAS, the MOA believes the lease should be renewed to continue operation of the Hilltop Ski Area under the current lease terms as amended; and

WHEREAS, the Parks and Recreation Commission concurs with findings that support renewal of the lease to Youth Exploring Adventure, Inc., to continue operation of the Hilltop Ski Area; now, therefore,

The Anchorage Parks and Recreation Commission resolves that a renewal of the lease for a term of 10 (ten) years ending in 2030 should be approved.

PASSED AND APPROVED by the Anchorage Parks and Recreation Commission this 12th day of March 2020.

_______________________________
Chair
Parks and Recreation Commission

ATTEST:

_______________________________
Josh Durand, Director
Parks & Recreation Department
LEASE AGREEMENT
MUNICIPALITY OF ANCHORAGE and YOUTH EXPLORING ADVENTURES, INC.

THIS LEASE AGREEMENT ("Lease") is entered into this _22_ day of _June_, 2000, by and between the Municipality of Anchorage (Landlord) and Youth Exploring Adventure, Inc. (Tenant) Landlord and Tenant agree as follows. This Lease consists of:

A. 40 sections
B. Appendix A, USKH Map of Property
C. Appendix B, YEA, Inc. Corporate Resolution
D. Appendix C, Anchorage Parks and Recreation Advisory Commission Conditions

Steve Remme executes this Lease on behalf of Tenant. It is understood that Tenant is a nonprofit corporation and that the person who executes this Lease on behalf of Tenant does so in the capacity of Chief Executive Officer and Steve Remme warrants that he has the authority to execute this Lease on behalf of Tenant pursuant to the corporate resolution attached hereto as Appendix B, and incorporated by reference.

This Lease consists of those provisions that are listed below by section number and title.

Section 1. Definitions and Property Description
Section 2. Intent
Section 3. Term of Lease
Section 4. Termination of Lease
Section 5. Duties Upon Termination or Expiration
Section 6. Rent
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Section 21. Subcontracts
Section 22. Janitorial, Maintenance, and Repair of the Property
Section 23. Liens on Buildings and Improvements
Section 24. Liens and Encumbrances Generally
Section 25. Promotion and Signs
Section 26. Discriminatory Acts Prohibited
Section 27. Landlord Remedies
Section 28. Non-waiver
Section 29. Amendment
Section 30. Jurisdiction: Choice of Law

LEASE
YOUTH EXPLORING ADVENTURE, INC.
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Section 1. **Definitions and Property Description.**

A. “Property” means the real property known as the Hilltop Ski Area within the Far North Bicentennial Park of Anchorage, Alaska legally described as a portion of Sections 11 and 12, Township 12 North, Range 3 West, Seward Meridian, Alaska, more particularly described as follows:

Commencing at the recovered quarter corner a 2 ½” brass cap common to Section 11 and Section 14;

- Thence N 89°57′00″ E also being the Basis of Bearing from BLM for this project a distance of 1417.54 feet to a point on the said section line which is the True Point of Beginning; • Thence N 00°03′00″ W a distance of 211.58 feet to a 2” alcap on a 5/8” rebar; • Thence N 61°15′02″ E a distance of 558.97 feet to a 2” alcap on a 5/8” rebar; • Thence N 27°52′51″ E a distance of 2268.33 feet to a 2” alcap on a 5/8” rebar; • Thence S 70°01′12″ E a distance of 288.89 feet to a 2” alcap on a 5/8” rebar; • Thence N 24°45′41″ E a distance of 1126.08 feet to a 2” alcap on a 5/8” rebar; • Thence N 71°32′33″ E a distance of 1030.82 feet to a 2” alcap on a 5/8” rebar; • Thence S 39°56′53″ E a distance of 1735.31 feet to a 2” alcap on a 5/8” rebar; • Thence S 14°10′44″ W a distance of 300.62 feet to a 2” alcap on a 5/8” rebar; • Thence S 87°10′19″ W a distance of 359.79 feet to a 2” alcap on a 5/8” rebar; • Thence S 19°28′38″ W a distance of 1406.67 feet to a 2” alcap on a 5/8” rebar; • Thence S 84°48′27″ W a distance of 1470.40 feet to a 2” alcap on a 5/8” rebar; • Thence N 61°12′52″ W a distance of 1083.90 feet to a 2” alcap on a 5/8” rebar; • Thence S 22°47′11″ W a distance of 198.72 feet to a 2” alcap on a 5/8” rebar; • Thence S 54°25′54″ E a distance of 394.93 feet to a 2” alcap on a 5/8” rebar; • Thence S 37°53′59″ W a distance of 944.40 feet to a point on the said section line, which point lies S 89°57′00″ W a distance of 487.81 feet from the recovered section corner a 2 ½” brass cap common to Sections 11, 12, 13 and 14; • Thence S 89°57′00″ W 733.59 feet along the section line common to Section 11 and Section 14 to the True Point of Beginning;

Containing 164.94 acres more or less and depicted on Appendix A. hereto.

B. “Department” means the Department of Cultural and Recreational Services of Landlord.

C. “Administrator” means the Director, Department of Cultural and Recreational Services, or designee.

D. “Landlord” or “Anchorage” means the Municipality of Anchorage, acting through the Mayor or designee.
E. "Year" means a full calendar year.

Section 2. Intent

A. The parties agree that Tenant may use, and will operate and manage the ski areas located on the Property in a manner consistent with accepted industry standards and practices.

B. Tenant is experienced in the business of operating and managing skiing and recreational operations similar to those present or contemplated for the Property.

C. Landlord agrees to permit and authorize Tenant to use the Property, and Tenant agrees to operate and manage skiing and recreational operations on the Property on the following terms and conditions.

Section 3. Term of Lease

A. Provided this Lease is approved by the voters of the Landlord, this lease becomes effective and shall commence on the date the April 4, 2000 Anchorage Municipal election is certified by the Assembly, and shall expire twenty (20) years thereafter.

B. Tenant shall, after review and recommendations by the Anchorage Parks and Recreation Advisory Commission and with consent of Landlord (which may be withheld for any reason), have the right to renew the term of this Lease for one (1) additional ten (10) year term, provided that Tenant is not in default at the time it gives notice of renewal and is not in default at any time between giving such notice and commencement of the renewal term. Notice of Tenant’s election to exercise the renewal shall be given in writing, not less than one year nor more than five years before expiration of the original term.

Section 4. Termination of Lease

A. This Lease may be terminated:

1. By mutual consent of the parties.

2. For cause, by either party, where the other party fails in any material way to perform its obligations under this Lease. Termination under this paragraph is subject to the condition that the terminating party notifies the other party of its intent to terminate or revoke this Lease and states with reasonable specificity the grounds therefore, and the defaulting party shall have failed within thirty (30) days of receiving the notice to cure the default.

3. If Tenant, after written notice, shall be in default on the payment of fees or any sum or sums due under this Lease for more than thirty (30) days.

4. If Tenant, within thirty (30) days after written notice, where such default or omission complained of is of such nature that the same cannot be completely cured or remedied within said thirty (30) day period, Tenant fails to diligently commence curing such default within such thirty (30) day period, and does not thereafter, with reasonable diligence and in good faith, proceed to remedy or cure such default.

5. Abandonment or vacation of the Property for a period of thirty (30) days or more.

6. If Tenant’s interest or any part of its interest in this Lease be assigned or transferred without Landlord’s express written consent.

B. Landlord’s Right to Cure. Tenant’s Breach. In the event of Tenant’s breach of any covenant of this Lease, Landlord may at any time, upon thirty (30) days notice to Tenant, cure such breach for the account and at the expense of Tenant. If Landlord at any time by reason of such breach is compelled to pay or elects to pay any sum of money or to do any act that will require the payment of any sum of money, the sum or sums so paid by Landlord, together with interest thereon at the rate of seven and one-half percent (7.5%) per annum, shall be added to any fees or sums otherwise payable to Tenant to Landlord, and shall be due from Tenant immediately.
C. **Landlord’s Election.** After Tenant has attempted to cure the breach in accordance with Paragraph C above, and has been unsuccessful, then Landlord may, at its option, without any further demand or notice, terminate this Lease.

**Section 5. Duties Upon Termination or Expiration**

A. Upon termination or expiration of this Lease all permanent capital improvements shall become the property of Landlord. Notwithstanding, upon written notice Landlord may, in its sole discretion, direct Tenant to remove any equipment, personal property or permanent improvements on the Property, remediate any contamination, and restore the Property if Landlord determines that: (1) the continuation of the equipment, property or improvements on the Property is not in the best interest of Landlord, or (2) the equipment, property or improvements present a hazard to public health or safety. If so directed by Landlord, Tenant shall remove within sixty (60) days, or a mutually agreed upon length of time, any or all its equipment and personal property from the Property. Any equipment or personal property left on the Property sixty (60) days, or a mutually agreed upon length of time, after direction for removal shall be deemed abandoned and Landlord may either retain or have such property removed at Tenant’s expense. Due to climate constraints in the winter, timely removal of said equipment and personal property might not be possible. In such case, the removal date shall be set within the May 15-September 15 period. Tenant shall leave the Property in a good, clean condition, normal wear and tear excepted.

B. In the event no final audit has been performed prior to expiration or termination of this Lease, the parties reserve the right to recover amounts due under the Lease after receiving the final audit.

C. Except as provided in this Lease, termination does not affect any other right or obligation of a party under this Lease.

D. At the expiration of the Lease, upon termination of the Lease, upon re-entry by Landlord or otherwise, Tenant shall peacefully and quietly surrender the Property in as good a condition as it was at the beginning of the term, reasonable use, wear, and damages by the elements excepted.

E. Upon termination or expiration, Tenant shall deliver to the Administrator all documents, records, work product, materials and equipment owned by Landlord as requested by the Administrator.

F. If the Lease is terminated or expires for whatever reason, Tenant shall not claim any compensation under the Lease, other than that allowed under Section 6 hereof.

**Section 6. Rent**

A. **Percentage of Gross Revenues.** Rent for the term of this Lease, including any optional or renewal term, shall be calculated initially at the rate of two percent (2%) of the total gross receipts generated by Tenant on the Property as defined herein, and paid quarterly to Landlord. The rental rate may be adjusted by Landlord at every two years by no greater than 1/4 of 1% (e.g., from 2% to 2 1/4%, from 2 1/4% to 2 1/2%, etc.) each adjustment. Tenant will be given a credit against rent equal to the actual costs of permanent capital improvements made upon the Property by Tenant after commencement of the Lease term. Tenant may carry forward such credits against future rent obligations, but will not, under any circumstances be entitled to any refund, rebate, reimbursement or other payment by Landlord based upon the value of improvements.

B. **Sources of Gross Revenues.** For purposes of determining quarterly rent, gross receipts shall include the aggregate total amount of sales made and services performed by Tenant, Tenant’s consignees, agents, subcontractors and subtenants on the Property whether such activities are for cash or on credit. Sales on credit are to be included in gross receipts at the time such are discharged by payment. Sales and services include, but are not limited to, lift tickets, including competition entry fees; rentals; sales of apparel or equipment; fees charged for any recreational or other activity on the Property; retail sales of other goods, services, food or beverages; sales from vending or coin operated equipment; and rental of any facilities for any purpose. Amounts received as grants or donations by Tenant, and business trade outs, shall not be included in
Tenant's gross revenues. Any sales tax collected on items producing receipts shall not be included in the gross receipt calculation.

C. **Payment of Rent.** Rent as provided herein shall be payable quarterly to Landlord for activity occurring during the previous quarter. Such payments shall be due and payable within forty-five (45) days after the end of each calendar quarter.

D. In the event that the review or audits permitted herein discover an overpayment of rent during the reporting period, the amount of overpayment shall be credited to the next quarterly rent payment. In the event an underpayment is discovered the amount of the underpayment shall be paid within thirty (30) days of the discovery.

E. As a condition of Tenant's retention of the remaining gross revenues, Tenant shall have paid all municipal taxes currently due and owing by Tenant.

**Section 7. Utilities**

Tenant shall obtain and pay for water, electric, telephone, gas, sewer, refuse, and all other utilities and services necessary for the operation of the Property.

**Section 8. Property Improvements and Conditions Thereof**

A. **Condition.** Tenant shall thoroughly inspect the Property and submit a written report on the condition of the property and its permanent improvements to the Administrator immediately prior to commencement of this Lease.

B. **Improvements.** After conferring with Landlord and obtaining all approvals, licenses, and permits required by this Lease and by law for the improvements, Tenant shall undertake completion of the improvements specified in its management and operations plans. Failure to start and complete the improvements within five years after commencement of this Lease shall constitute a material breach of this Lease.

1. All capital improvements, trail construction and trail relocation shall be in accord with the concept and final conditions of development recommended by the Anchorage Parks and Recreation Advisory Commission (set forth in Appendix C. to this Lease) or the Commission's amendments to those conditions approved by the Mayor or his designee.

2. Physical development and capital improvements to the Property shall:
   a. not be commenced until full funding is in hand to ensure completion of each project, including Spencer Loop re-location;
   b. conform to final Planning and Zoning Commission and/or Urban Design Commission approved site plan conditions and requirements, including their conditions and restrictions on tree and natural vegetation clearing and removal and natural habitat; and
   c. conform to applicable laws and regulations and have and conform to all permits, licenses and inspections required by law.

C. Tenant agrees that Landlord shall have no obligation to improve, repair, restore, refurbish, or otherwise incur any expense to improve and/or change the condition of the Property.

**Section 9. Management of Property**

A. **Mandatory Uses.** Tenant shall manage the Property for the operation of a public ski area for the benefit of the general public.

B. **Permitted Uses.** Tenant may make the Property available to conduct activities compatible with park and recreational use and existing or permitted improvements, including but not limited to any or all of the
following activities: alpine and/or cross-country skiing, snowboarding, ice skating, horseback riding, youth camps, and related activities, sale of food and beverages, and clothing and equipment sales and rentals.

C. Operations and Mitigation of Effects. Year-round operation of the Property’s facilities and trails and the mitigation of adverse effects on the surrounding area, including hours of operation, facility usage and rental, wildlife and snow-making, shall be in accord with operating procedures and policies approved by the Department of Cultural and Recreational Services after review and recommendations by the Anchorage Parks and Recreation Advisory Commission.

Section 10. Non-exclusive Use and Control of Property; Use by Others

A. Non-exclusive Use/Control. This Lease creates in Tenant a non-exclusive interest in the Property. Tenant agrees that Landlord may, at its sole discretion, choose to allow other organizations access to the park for purposes benefiting Landlord. Tenant acknowledges that the Property is a part of the Far North Bicentennial Park, and as such is intended by Landlord to provide various recreational opportunities to the public. Such activities may include, but are not limited to, equestrian, hiking, biking, and cross-country skiing. Tenant recognizes that adjacent recreational activities may at times result in some intrusion upon the Property, but the parties agree that the public shall not have the right to use the Property for purposes other than those permitted by Landlord under this Lease or as Landlord may, from time to time, permit in its unfettered discretion. On behalf of Landlord, Tenant shall deny use of the Property for unauthorized purposes. Landlord and Tenant will cooperate in attempting to control unauthorized use of the Property.

B. Public Access. The Property shall remain open to the public and Tenant’s use of the Property shall be non-exclusive, it being the intent of the parties that others (including but not limited to vendors or concessionaires authorized by Landlord) be permitted to access and use the Property in a manner permitted by Landlord and not inconsistent with Tenant’s use under this Lease. Trails, lodge/chalet, parking, and recreational facilities of the Hilltop Ski Area shall be open to the public in accordance with the parks and recreation facility policies of the Department of Cultural and Recreational Services, after review and recommendations by the Anchorage Parks and Recreation Advisory Commission. Tenant shall make the Property available to community groups.

C. Reservation of Access. Landlord retains the right to reasonable access to the Property, as well as reasonable use of the Property in conjunction with the construction, repair, or maintenance of the utilities or facilities. Landlord, at its own cost, will return the Property to its pre-existing condition after each entry. Landlord retains the right to designate or grant rights-of-way or utility easements across the Property without compensation, provided that Tenant shall be compensated for the taking or destruction of any improvements installed by Tenant at its expense during the term of this Lease, and provided further that Tenant at its option may terminate the Lease.

1. Landlord, its authorized representatives, agents and employees shall have the right to enter upon the Property at any reasonable time for the purpose of inspection of the Property, facilities and equipment and for observation of Tenant’s operations (except in an emergency in which case at any hour) to:
   a. Inspect the Property;
   b. Clean, repair, maintain, alter or improve the Property as Landlord may deem necessary;
   c. Show the Property to prospective contractors, or lenders;
   d. Abate any nuisance, health or hazardous condition on the Property; and,
   e. Preserve and protect the Property.

2. The right of access reserved herein does not impose, nor does Landlord assume by reason thereof, any responsibility for the care, maintenance or supervision of the Property or the design,
installation or maintenance of any improvements thereon. Tenant shall not be entitled to any abatement or reduction in rent by reason of Landlord’s access.

Section 11. Security of Property

Tenant shall take all reasonable precautions to prevent unauthorized entry onto the Property including the placing of signs, fences or other devices intended to deter or restrict such entry. The construction of a perimeter fence shall not be necessary. At a minimum, Tenant shall construct or install barriers, gates or other similar devices across roads, driveways, paths, or trails that are intended to prevent or deter unauthorized vehicular traffic from entering the Property. Keys to locking gates, fences, and barriers shall be provided to Landlord by Tenant.

Section 12. Financial Reporting

 Tenant shall submit to Landlord a financial statement detailing the gross revenues for the three months of the most recent calendar quarter within forty-five (45) working days after the end of each quarter. Such statements shall contain a breakdown of the gross receipts by the activity that produced such receipts. In addition Tenant shall annually submit to Landlord a financial statement of revenues for the twelve (12) month period of May 1 through April 30 within three months after the period ends. Tenant, upon request by Landlord, will provide a list of annual capital improvements and the approximate cost of those improvements. The statements to be provided by Tenant herein shall be reviewed by Tenant’s accountants (whether audited or unaudited) in accordance with Tenant’s usual business practices from time to time.

Section 13. Records Management

A. Records. Tenant shall, with respect to both lift tickets sold and all other business activities conducted on the Property, keep true and accurate accounts, records, books, and data in a form consistent with good accounting practices. Such accounts, records, books, and data shall, among other things, contain a breakdown of gross receipts and sales from the various activities taking place on the Property. Tenant shall require that any consignees, subcontractors, or others conducting any revenue producing activity on the Property keep and provide Landlord with copies of accurate and complete records and accounts in accordance with this paragraph.

B. Inspection of Records. Tenant shall keep intact for at least five (5) years all of Tenant’s records and other materials that Tenant is required to maintain hereunder. Tenant hereby agrees that Landlord, its employees, agents and representatives, at all reasonable times, shall have the right to inspect and examine all such records in order to enable Landlord to ascertain the amount of Tenant’s gross receipts. To the extent Landlord is required or allowed under federal, state, or municipal law to obtain other information from records kept by Tenant under this contract, Landlord may make a written request for such information.

C. Ownership, Publication, Reproduction and Use of Material. Except as otherwise provided in this Lease, all data, documents and materials produced by Tenant under this Lease shall be the property of Landlord, which shall retain the exclusive right to publish, disclose, distribute and otherwise use, in whole or in part, any such data, documents or other materials. Exclusive rights shall not be attributed to portions of such materials presently in the public domain or which are not subject to copyright.

D. Audit. Landlord may, once in any contract year, cause an audit of Tenant’s gross receipts derived under this Lease (including the operations of any concessionaire or subcontractor) to be made by a Certified Public Accountant (CPA) of Landlord’s selection or Landlord’s Internal Auditor. If the report of gross receipts previously made by Tenant for any Year of this Lease shall be found to be deficient by more than five percent (5%) of Tenant’s gross receipts shown by such audit, Tenant shall immediately pay the cost of such audit along with any other sums shown thereby to be due Landlord. Otherwise, the cost of such audit shall be paid by Landlord, including Tenant’s documented expenses incurred in preparing for and submitting to such audit. A refund to Tenant of an overpayment, if any, shall be made within thirty (30) days of the audit report. Tenant
shall be entitled to receive copies of all audit(s), whether conducted by internal or external auditors. In addition, Landlord’s internal auditors shall have access to Tenant’s books and records for purpose of review at any time.

E. **Public Information.** Landlord reserves the right, in accordance with Anchorage Municipal Code 3.90 as amended, to publish or otherwise make known to the public the results of any audit, or financial information acquired and in its possession in conjunction with this Lease, which shall be limited to verifying gross receipts, *i.e.* lift ticket sales, special programs, food, misc., required to be reported under the terms of this Lease. Tenant acknowledges that all records and information in the possession of Landlord may be made available for public inspection and copying, and that unless Tenant conspicuously marks any submittals to Landlord as “Confidential” and the same are in fact to be held confidential as a matter of law, the same may be made available to the public.

Section 14. **Budget, Plans and Reporting Requirements**

A. Prior to beginning operations, Tenant shall provide a management plan and an operations plan, for Landlord’s approval. The business plan of Tenant for the operation and development of the Hilltop Ski Area shall be subject to inspection and approval by the Department of Cultural and Recreational Services after review and recommendations by the Parks and Recreation Advisory Commission. Upon such approval, which shall not be unreasonably withheld, Tenant shall manage and operate the area pursuant to such plans. At any time that Tenant desires to amend such plans or significantly alter its management or operations, a revised management plan or operations plan shall be submitted to Landlord for approval prior to implementation.

B. **Scheduling.** The parties agree that Tenant has the right to pre-schedule events and offer reservations to select groups.

C. **Fees and Charges.** Fees and charges for products and services shall be established by Tenant, a copy of which shall be provided to the Administrator.

Section 15. **Indemnification**

A. Tenant, its subcontractors, assigns and all others acting at the direction, request or authority of Tenant, shall keep, defend, indemnify and hold harmless Landlord and all of its officers, agents, employees, attorneys (in-house and outside) and each of them, from and against any and all costs, claims, actions, proceedings, liability, damage or expense (including expense of legal services) of any kind or nature claimed by anyone by reason of injury or damage to persons or property arising out of Tenant’s performance under this Lease, or the provision of services pursuant to this Lease, or as a proximate result of acts or omissions of Tenant or its agents, servants, employees or anyone acting at the direction, request or authority of Tenant.

B. Tenant shall also assume the defense of, and indemnify and hold harmless Landlord and all of its officers, agents, employees and attorneys (in-house or outside), against and from any and all liens, claims, liabilities, actions, proceedings and charges of every nature and kind that may at any time be established against the Property and improvements, or any part thereof, as a consequence of an act or omission of Tenant, its subcontractors, Tenants, agents assigns, or anyone acting at the direction, request or authority of Tenant, or as a consequence of the existence of Tenant’s interest under this Lease. Each party hereto shall give to the other prompt and timely written notice of any claim made or suit or proceeding instituted within its knowledge that in any way, directly or indirectly, contingently or otherwise, affects or might affect the other party; and both Landlord and Tenant shall have the right to participate in the defense of the same to the extent of their own interest.

Section 16. **Insurance**

A. Tenant shall maintain in good standing the insurance described in paragraph B of this section. Before rendering any services under this Lease, Tenant shall furnish the Administrator with proof of insurance in accordance with paragraph B of this section in a form acceptable to the Risk Manager for Landlord.

B. Tenant shall provide the following insurance:

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YOUTH EXPLORING ADVENTURE, INC.
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1. Worker’s Compensation and employer’s liability coverage as required by Alaska law.

2. Comprehensive general liability, including contractual and personal injury coverage - one million dollars ($1,000,000.00), combined single limit to include Premises, Property, operations, products, blanket contractual, broad form property damage, independent Contractors and personal injury.

3. Comprehensive automobile liability insurance - one million dollars ($1,000,000.00) combined single limit to include owned, hired and non-owned vehicles.

4. Casualty insurance-replacement of improvements - Tenant will keep all buildings upon the Property, including improvements under construction, insured against loss of fire, vandalism and malicious mischief in an amount equal to the full replacement value thereof as hereafter determined from time to time. Not less frequently than once every Year Tenant shall obtain and provide to Landlord an estimate of replacement value of said structures and improvements. The value redetermination shall be made promptly and in accordance with the rules and regulations and/or practices of any board of underwriters or like board or body recognized and accepted by the insurance company or companies writing such insurance, and Landlord shall be notified in writing promptly of the results of said redetermination.

C. Each policy of insurance required by this section shall provide for no less than thirty (30) days advance notice to Landlord prior to cancellation.

D. Each liability policy shall name Landlord as additional insured.

Section 17. Notices

A. All notices to be given hereunder shall be in writing and shall be deemed given when personally delivered, sent via facsimile (Fax) or when deposited in the United States Postal Service mail, postage prepaid, certified receipt requested or registered and addressed as follows:

LANDLORD
Municipality of Anchorage
Director, Cultural and Recreational Services
Post Office Box 196650
Anchorage, AK 99519-6650
FAX: 343-4318

TENANT
Youth Exploring Adventure, Inc.
Attention: CEO
7015 Abbott Road
Anchorage, AK 99516
FAX: 346-3391

AND

Municipality of Anchorage
Municipal Manager
Post Office Box 196650
Anchorage, AK 99519-6650
FAX: 343-4110

B. *Notices are effective upon the earlier of receipt or proof of good transmission (facsimiles only).

Section 18. Assignment

A. Assignment. Tenant shall not assign this Lease or any interest herein, or permit any concession or third party to conduct any portion of Tenant’s required operational obligations of the Property, without the prior written consent of Landlord, which consent may be withheld in the sole and unfettered discretion of Landlord, for any cause or for no cause. Any assignment without Landlord’s prior written consent shall be voidable by Landlord and shall, at the option of Landlord, be deemed a breach of this Lease allowing for immediate
termination of the Lease. No consent to any such assignment shall constitute a waiver or discharge of the provisions of this paragraph except as to the specific instance covered thereby.

B. Security Assignment. Tenant shall have the right to assign this Lease for security purposes to a lender or lender's trustee to finance required and optional improvements, thereby enabling the lender or assignee for security purposes to acquire or assume the Lease and enabling the lender to assign the Lease after so acquiring it, under the same terms and conditions as this Lease provides, subject to Landlord's approval, not to be unreasonably withheld, and to applicable requirements of the Anchorage Municipal Code as amended, if any. Notice of any such assignment for security purposes shall be delivered in writing to Landlord, along with a copy of any notes, UCC filings or any other document pertaining to such assignment within five (5) days of the effective date of such assignment. In addition, any such assignment for security purposes shall require the assignee thereof to notify Landlord herein upon the occurrence of a breach or default by Tenant of the terms of the assignee's security instrument, and further require notice of default be given to Landlord at the same time notice is given to Tenant and prior to the assignee taking management of the Property or offering the interest for sale based upon any such breach or default. To be valid, the assignment must give Landlord the right to cure on the same terms as given to Tenant.

Section 19. Risk of Loss

Tenant shall bear the risk of loss for any improvements installed or constructed on the Property and for any property Tenant brings to the Property in the event that such improvements or property are damaged or destroyed, in whole or in part, by whatever cause. Tenant shall bear the risk of loss the Property in the event that the Property is damaged or destroyed, in whole or in part, by reason other than Landlord's sole negligence or otherwise wrongful conduct.

Section 20. Reporting of Accidents

If a loss or damage occurs during the term of this Lease to any structure and/or improvement on the Property, Tenant shall give immediate notice to Landlord. In the event of damage or destruction to any structures and/or improvements (except due to ordinary wear and tear) on the Property during the term hereof, Tenant shall forthwith repair, restore or rebuild the structures and/or improvements to the same condition as immediately before such damage or destruction, regardless of whether said damage or destruction was insured against and whether the insurance proceedings, if any, payable due to such damage or destruction is sufficient to cover the cost of restoring, repairing or rebuilding.

Section 21. Subcontracts

A. Tenant may enter into subcontracts to purchase goods and services necessary to its performance under this Lease, provided that Tenant and any subcontractor comply with the requirements of this Lease.

B. Every such subcontract of thirty thousand dollars ($30,000.00) or more shall be in writing and contain a precise description of the services or goods to be provided and the nature of consideration paid therefore. Landlord shall be provided with a copy of every subcontract exceeding thirty thousand dollars ($30,000.00) and shall be provided with copies of any other subcontract upon request.

C. Every subcontract exceeding thirty thousand dollars ($30,000.00) shall require the retention of and reasonable access to business records of the Subcontractor relating to the purchase of goods or services under the subcontract.

D. All subcontracts entered with the same individual or entity within any two-year period, or which provide for essentially the same goods or services at different times, shall be aggregated for purposes of determining whether the $30,000.00 approval threshold amount is present.

Section 22. Janitorial, Maintenance, and Repair of the Property

Tenant shall provide at its own cost and expense, all repairs, maintenance and required service on any improvements at the Property. Such maintenance, repairs and service shall be at least of the same quality and
nature as that considered industry standard and provided by operators of other similar facilities, and shall be
designed to maximize the life cycle of all facilities and improvements upon the Property.

Section 23. Liens on Buildings and Improvements

All buildings and improvements (exclusive of trade fixtures), constructed or placed upon the Property by
Tenant, must be kept free and clear of all liens, claims, encumbrances or liability for labor or material. All
improvements are the property of Landlord, subject to any lien for security purposes.

Section 24. Liens and Encumbrances Generally

Except for the security interest in this Lease authorized in subsection 18.B., Tenant shall keep the
Property and any improvements thereof, free from any and all liens or encumbrances, arising from any work
performed or materials furnished, obligations incurred by Tenant, or judgments against Tenant, its employees,
agents and contractors, and Tenant agrees to reimburse Landlord for all attorney’s fees and costs incurred in
defense proceedings to enforce or foreclose such liens.

Section 25. Promotion and Signs

A. Promotion. Tenant shall promote, advertise and otherwise offer to the public the privileges of the
area. Any such promotion or advertising shall comply with applicable law and indicate that the area is a
municipal facility open to the public.

B. Signs. Tenant will not erect any signs on the Property intended for viewing by persons outside
the Property, except not more that two (2) signs informing the public of the direction to the entrance and a sign
at that entrance. Tenant may also install signs on the Property intended to prevent trespassing and vandalism,
and to guide or regulate activities on the Property. Any signs erected by Tenant shall comply at all times with
any law in effect that regulates signs, advertisements, or their content.

C. Inherent Risk Notification. Tenant shall comply with all sections of the Alaska Ski Safety Act of
1994, as amended. Landlord may immediately suspend operations on the Property or suspend its obligations
under this Lease if Tenant, its subcontractors, assigns, or agent[s] fails to comply with the Act. A suspension
shall start when a written letter detailing the alleged failure is delivered to Tenant and shall not be lifted until the
failure is cured or otherwise resolved upon mutual consent. Tenant shall warn the public, including by giving
written notice on all ski lift tickets sold or made available and on signs at each lift, about the inherent risks of
activities allowed on the Property.

Section 26. Discriminatory Acts Prohibited

A. Tenant shall furnish any service to be rendered by Tenant in connection with or upon the
Property on a fair, equal and not unjustly discriminatory basis to all users thereof. In performing such services,
Tenant shall charge fair, reasonable and not unjustly discriminatory prices or rates for each unit of service
furnished, provided, however, Tenant may make reasonable discounts, rebates, or other similar types of price
reductions to employee or volume users, group or prepaid purchasers or as integrated package pricing.

B. Tenant, in its management of the Property, shall not discriminate against any person or class of
persons by reason of race, color, age, marital status, ancestry, gender, religion or national origin.

C. Landlord, upon discovery of any violation of paragraph A or B, may request that Tenant either
correct or justify any practice or charge alleged as a violation. Tenant shall have at least ten (10) days after the
request to respond. In any proceeding whatsoever, the burden of justification shall be on Tenant to show that the
practice or charge does comply with the requirements of paragraph A or B. Any service or rates regulated by a
State or Federal regulatory agency shall be deemed to be in compliance with the requirements of paragraph A or
B until shown to be otherwise in an appropriate proceeding before the agency. Landlord shall submit its
findings and decision as to any alleged violation within fifteen (15) days after the receipt of Tenant’s response,
and such findings and decision of Landlord shall be final. Unless Tenant shall notify Landlord in writing within
ten (10) days of its objections to any request for compliance or to any adverse findings and decision, Tenant shall waive any defense that the alleged violation is justified.

D. Landlord, at its option, may forthwith terminate this Lease, without liability, for failure by Tenant without justification to comply with Landlord’s request for compliance within the time set forth in the request or the findings and decision to correct the alleged violation.

Section 27. Landlord Remedies

A. All rights and remedies of the Landlord herein enumerated shall be cumulative, and none shall exclude any other right or remedy allowed by law. In addition to the other remedies in this Lease provided, the Landlord shall be entitled to the restraint by injunction of the violation or attempted violation of any of the covenants, agreements or conditions of this Lease.

1. If the Tenant shall (a) apply for or consent to the appointment of a receiver, trustee or liquidator of Tenant or of all or a substantial part of its assets, (b) admit in writing its inability to pay its debts as they come due, (c) make a general assignment for the benefit of creditors, (d) file a petition or an answer seeking reorganization or arrangement with creditors or to take advantage of any insolvency law, including but not limited to the federal Bankruptcy Code, (e) file an answer admitting the material allegations of a petition filed against the Tenant in any reorganization or insolvency proceeding, including but not limited to a proceeding commenced pursuant to the federal Bankruptcy Code, or if any order, judgment or decree shall be entered by any court of competent jurisdiction, except for a bankruptcy court or a federal court sitting as a bankruptcy court, adjudicating the Tenant insolvent or approving a petition seeking reorganization of the Tenant or appointing a receiver, trustee or liquidator of the Tenant or of all or a substantial part of its assets, then, in any of such events, the Landlord may give to the Tenant a notice of intention to end the term of this Lease specifying a day not earlier than ten (10) days thereafter, and upon the giving of such notice the term of this Lease and all right, title and interest of the Tenant hereunder shall expire as fully and completely on the day so specified as if that day were the date herein specifically fixed for the expiration of the term.

2. If the Tenant defaults in the payment of rent or any other sum due to Landlord and such default continues for five (5) days after notice, or defaults in the prompt and full performance of any other provision of this Lease and such default continues for five (5) days after notice, or if the Leasehold interest of the Tenant be levied upon under execution or be attached by process of law, or if the Tenant abandons the Property, then and in any such event the Landlord may, at its election, either terminate this Lease and the Tenant’s right to possession of the Property or, without terminating this Lease, endeavor to relet the Property. Nothing herein, including a forcible entry and detainer action, shall be construed so as to relieve Tenant of any obligation, including the payment of Rent, as provided in this Lease.

3. Upon any termination of this Lease, the Tenant shall surrender possession and vacate the Premises immediately, and deliver possession thereof to the Landlord, and hereby grants to the Landlord full and free license to enter into and upon the Property in such event with or without process of law and to repossess the Landlord of the Property as of the Landlord’s former estate and to expel or remove the Tenant and any others who may be occupying or within the Property and to remove any and all property therefrom, using such force as may be necessary, without being deemed in any manner guilty of trespass, eviction or forcible entry and detainer, and without relinquishing the Landlord’s right to rent or any other right given to the Landlord hereunder or by operation of law.

4. Any and all property which may be removed from the Property by the Landlord pursuant to the authority of the Lease or of law, to which the Tenant is or may be entitled, may be handled, removed or stored by the Landlord at the risk, cost and expense of the Tenant, and the Landlord shall in no event be responsible for the value, preservation or safekeeping thereof. The Tenant shall pay to the Landlord, upon demand, any and all expenses incurred in such removal and all storage charges against such property so long as the same shall be in the Landlord’s possession or under the Landlord’s control.

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YOUTH EXPLORING ADVENTURE, INC.
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Any such property of the Tenant not removed from the Property or retained from storage by the Tenant within thirty (30) days after the end of the term or of the Tenant’s right to possession of the Property, however terminated, shall be conclusively deemed to have been forever abandoned by the Tenant and either may be retained by Landlord as its property or may be disposed of in such manner as Landlord may see fit.

5. The Tenant agrees that if it shall at any time fail to make any payment or perform any other act on its part to be made or performed under this Lease, the Landlord may, but shall not be obligated to, and after reasonable notice or demand and without waiving, or releasing Tenant from, any obligation under this Lease, make such payment or perform such other act to the extent the Landlord may deem desirable, and in connection therewith to pay, expenses and employ counsel. The Tenant agrees to pay a reasonable actual attorney’s fee if legal action is required to enforce performance by Tenant of any condition, obligation or requirement hereunder. All sums so paid by the Landlord and all expenses in connection therewith, together with interest thereon at the rate of ten percent (10%) per annum, or at the maximum rate allowed by law if less, from the date of payment, shall be deemed additional rent hereunder and payable at the time of any installment of rent thereafter becoming due and the Landlord shall have the same rights and remedies for the non-payment thereof, as in the case of default in payment of rent.

Section 28. Non-waiver

The failure of either party at any time to enforce a provision of this Lease shall in no way constitute a waiver of the provisions, nor in any way affect the validity of this Lease or any part hereof, or the right of such party thereafter to enforce each and every provision hereof.

Section 29. Amendment

A. This Lease shall only be amended, modified or changed in writing, executed by authorized representatives of the parties, with the same formality as this Lease was executed and such writing shall be attached to this Lease as an amendment.

B. For the purposes of any amendment to the terms and conditions of this Lease, the only authorized representatives of the parties are:

1. Chief Executive Officer, Youth Exploring Adventure, Inc.
2. Municipal Manager, Municipality of Anchorage

C. Any attempt to amend, modify or change this Lease by either an unauthorized representative or an unauthorized means shall be void.

Section 30. Jurisdiction: Choice of Law

Any civil action arising from this Lease shall be brought in the Superior Court for the Third Judicial District of the State of Alaska at Anchorage. The laws of the State of Alaska shall govern the rights and obligations of the parties under this Lease.

Section 31. Severability

Any provisions of this Lease decreed invalid by a court of competent jurisdiction shall not invalidate the remaining provisions of the Lease.

Section 32. Integration

This instrument and all appendices and amendments hereto embody the entire Lease of the parties. There are no promises, terms, conditions or obligations other than those contained herein; and this Lease shall supersede all previous communications, representations, or Leases, either oral or written, between the parties hereto.
Section 33. Liability

Tenant shall indemnify, defend, save and hold Landlord and its agents, employees and attorneys (in-house and outside) harmless from any claims, lawsuits or liability, including attorneys fees and costs, allegedly arising out of loss, damage, or injury to persons or property occurring during the course of or as a result of the drafting, negotiation, execution, approval or implementation of this Lease.

Section 34. Relationship of Parties

Tenant shall perform its obligations hereunder as an independent Contractor. Landlord may administer this Lease and monitor Tenant’s compliance with its obligations hereunder. Landlord shall not supervise or direct Tenant other than as provided in this section.

Section 35. Nondiscrimination

A. Tenant will not discriminate against any employee or applicant for employment because of race, color, religion, national origin, ancestry, age, sex, or marital status or who is a “qualified individual with a disability” (as that phrase is defined in the Americans With Disabilities Act of 1990). Tenant will take affirmative action to ensure that applicants and employees are treated appropriately in accordance with federal, state, and local civil rights and employment laws. Such action shall include, without limitation, employment, upgrading, demotion or transfer, recruitment or recruiting advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

B. Tenant shall state, in all solicitations or advertisements for employees to work on the Property, that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, ancestry, age, sex or marital status, or mental or physical impairment/disability.

C. Tenant shall comply with any and all reporting requirements that may apply to it that the Anchorage Office of Equal Employment Opportunity Contract Compliance may establish by regulation.

D. Tenant shall include the provisions of this section in every subcontract or purchase order for goods or services provided for or on the Property, so as to be binding upon every such subcontractor, or vendor of Tenant, under this Lease.

E. Tenant shall comply with all applicable federal, state and municipal laws concerning the prohibition of discrimination including, but not limited to, Title 5 and Title 7 of the Anchorage Municipal Code. Tenant agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this section.

Section 36. Permits, Laws, Taxes

A. Tenant shall acquire and maintain in good standing all permits, licenses and other entitlements necessary to its performance under this Lease. All actions taken by Tenant under this Lease shall comply with all applicable statutes, ordinances, rules, and regulations. Tenant shall pay all taxes pertaining to its performance under this Lease.

B. Tenant’s Obligation to Pay. During the term of this Lease, Tenant agrees to pay, unless exempt, prior to delinquency, all taxes and assessments (including general and special) levied or assessed against the Property and its equipment used in the Tenant’s operations. This includes without limitation, taxes and assessments on all structures, improvements and fixtures, now or hereafter existing on the Property, and on any personal property in or on the Property. It is understood, however, that Tenant may pay any such taxes and/or assessments under protest, and without liability, cost or expense to Landlord, in good faith to contest the validity of amount thereof. In the event Tenant shall be unsuccessful in any such protest, such taxes, and any interest or penalties thereon shall be paid by Tenant as required. Tenant hereby agrees to hold Landlord harmless from all costs, expenses, interest and penalties resulting from Tenant’s protest.
C.  
Substituted Taxes. If at any time during the contract term, a tax, however described, is later assessed against Landlord on the fees or any portion thereof payable hereunder as a direct substitute, in whole or in part, for any of the taxes that Tenant is obligated to pay under paragraph A, Tenant agrees to pay such tax on or before the last day upon which same may be paid prior to delinquency.

Section 37.  
Holdover

In the event Tenant shall hold over after the expiration or termination of this Lease for any cause whatsoever, Tenant shall hold Anchorage Harmless from all damages resulting from Tenant’s failure to surrender the Property, including, without limitation, claims made by any other person or entity arising, directly or indirectly, from Tenant’s failure to surrender the Property. Tenant shall pay for any holdover period an amount equivalent to the rental rate based on gross receipts in existence immediately prior to such holdover period and shall pay said amount on the first day of each month.

Section 38.  
Abandonment and Untenantability

A.  
Abandonment. If Tenant abandons the Property without prior written consent, this Lease may be immediately terminated by Landlord.

B.  
Untenantability. If at any time during the term of this Lease the Property or improvements thereon are damaged or destroyed by fire, earthquake, or any other natural disaster to such a degree that they are no longer tenantable or suitable for the intended uses, either Tenant or Landlord may, at its option, terminate this Lease.

Section 39.  
Eminent Domain

A.  
Whole Property Taken. If the whole of the Property shall be taken for any public or quasi-public use under any statute, or by right of eminent domain, or by private purchase by a public authority in lieu of the exercise of eminent domain, then the term of this Lease hereby granted shall cease and expire on the date when possession shall be taken thereunder. All fees, taxes and other charges shall be prorated and paid to such date.

B.  
Partial Property Taken. If only a part of the Property is so taken and the part not so taken is sufficient for the reasonable operation of the ski area, this Lease shall remain unaffected except that Tenant shall promptly after such taking, and at Tenant’s expense, restore that part of any building or ground improvement, including landscaping and natural vegetation, to as near its former condition as the circumstance will permit.

1.  
Landlord agrees to contribute to the cost thereof a sum not exceeding in any event that part of the net award actually received by Landlord, after deduction of reasonable expenses of collection, which is specifically attributed to the damage to or taking of said improvement by the condemnation court, or, if not so attributed, as is determined by Lease by the parties.

C.  
Division of Award. In the event of such taking, whether of all or any part of the Property and regardless of whether this Lease survives, any award of compensation shall be divided between Landlord and Tenant according to their respective interests as determined by the court, subject to the limitation that Tenant shall under no circumstances be entitled to any portion of the proceeds in excess of that required to fully pay any secured lender which has financed improvements to the Property as permitted herein.

Section 40.  
Force Majeure

If either party is delayed in or prevented from performing any act required hereby by reason of acts of God, restrictive governmental laws or regulations, or other cause without fault and beyond the control of the party obligated (financial inability excepted), performance of such act will be excused for the period of the delay or completely excused, as the case may be. However, nothing in this paragraph excuses Tenant from the prompt payment of any fees due.
IN WITNESS WHEREOF, the parties have executed this Lease on the dates shown below:

MUNICIPALITY OF ANCHORAGE
LANDLORD

George J. Vakalis
Municipal Manager
Date: 5/23/00

Rick Mystrom
Mayor
Date: 5/23/00

YOUTH EXPLORING ADVENTURE, INC.
TENANT

Steve Remme
Chief Executive Officer
Date: 5/23/00

ATTACH:

Lejane Ferguson
Municipal Clerk
Date: 6/26/00

STATE OF ALASKA
THIRD JUDICIAL DISTRICT

ss.

THIS IS TO CERTIFY that on the 23 day of May, 2000, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared GEORGE J. VAKALIS, known to be the Municipal Manager of Municipality of Anchorage, a municipality existing under the laws of the State of Alaska and named in the foregoing instrument, and he acknowledged to me that he had, in his official capacity, executed the foregoing instrument as the free act and deed of the said organization for the uses and purposes therein stated.

WITNESS my hand and official seal the day and year in this certificate first above written.

CONNIE J. JACOBS
NOTARY PUBLIC in and for Alaska
My Commission Expires: 3-12-04

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YOUTH EXPLORING ADVENTURE, INC.
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STATE OF ALASKA

THIRD JUDICIAL DISTRICT ss.

THIS IS TO CERTIFY that on the 23rd day of May, 2000, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared STEVE REMME, known to be the Chief Executive Officer of Youth Exploring Adventure, Inc., an organization existing under the laws of the State of Alaska and named in the foregoing instrument, and he acknowledged to me that he had, in his official capacity, executed the foregoing instrument as the free act and deed of the said organization for the uses and purposes therein stated.

WITNESS my hand and official seal the day and year in this certificate first above written.

[Signature]

NOTARY PUBLIC in and for Alaska
My Commission Expires: 3/12/04
APPENDIX A. (USKH Map Of Property)
Lease Agreement entered into the____ day of______, 2000, by and between the Municipality of Anchorage (Landlord) and Youth Exploring Adventure, Inc.
APPENDIX B. (YEA, Inc. Corporate Resolution) to Lease Agreement entered into the___ day of _______, 2000, by and between the Municipality of Anchorage (Landlord) and Youth Exploring Adventure, Inc.

RESOLUTION

Upon motion duly made, seconded, and carried, it was:

RESOLVED, that the corporation, YOUTH EXPLORING ADVENTURE, INC. enter into a lease agreement with the Municipality of Anchorage, in substantially the form attached hereto, subject to public voter approval as contemplated by Anchorage Ordinance 2000-43(aim); and

RESOLVED, that Steve Remme, in his capacity as chief executive officer of the corporation, be authorized to execute such lease, negotiate or approve any modifications thereto, and otherwise act on behalf of the corporation in performing under such lease, unless and until such authority is revoked in writing by the Board of Directors of the corporation with notice to the Landlord.

IN WITNESS WHEREOF we have hereunto set our hands as officers of said corporation, in the capacity of Secretary and President respectively, and affix the corporate seal this 23 day of May, 2000.

Dated: 5-23-00

By: [Signature]

Its: Secretary

Dated: 5-22-00

By: [Signature]

Its: President
APPENDIX C.
(Anchorage Parks and Recreation Advisory Commission Conditions)

to

Lease Agreement entered into the ___ day of ______, 2000, by and between the Municipality of Anchorage (Landlord) and Youth Exploring Adventure, Inc.

Initial Concept Approval Conditions

1. That impacts to adjacent residential areas be more particularly identified and mitigated if at all possible.

2. That both full funding be in hand prior to beginning construction work to ensure completion of the project and that a site restoration bond be posted to ensure that site re-vegetation is completed in a timely manner.

3. That impacts to other ski areas be identified and addressed in such a manner as to minimize any economic harm which might threaten to close other ski areas as a result of this project moving forward.

4. That a detailed business plan be prepared by Tenant and reviewed by a Certified Public Accountant demonstrating to the public and the Municipality that projected revenues will cover anticipated operating costs.

5. That the proposed restaurant be included continent on receipt of formal written approval from BLM concurring that this use is consistent with the original recreational and related facilities stipulation of conveyance of the park to the Municipality if it is determined to be necessary by the Municipal Attorney.

6. That the Spencer Trail be redesigned to the satisfaction of the Municipality and to meet F.I.S. Standards in effect at the time of construction of the project, so as to provide an acceptable Olympic caliber racing trail that closes on itself and avoids the heavily used novice lighted loop.

7. That existing and future ski jump facility needs be carefully inventoried to determine the requirements of that program to ensure that Tenant’s expansion project will in no way hinder the growth and development of ski jumping in Anchorage.

8. That Tenant’s Agreement be specifically revised to recognize that all permanent buildings and facilities developed by Hilltop as part of this proposal, be considered municipal property for the purpose of allowing the Municipality to support the long term maintenance of these buildings. The amended use agreement should also include reinstatement of the standard concessionaire fee routinely charged all other non-profits using park facilities, as a way to offset associated municipal costs for providing support administration, staffing, operations, and maintenance.

Final Concept Approval Conditions

9. Prior to commencing construction on any phase of the project, Tenant shall submit to the Municipality for its approval:
   a. Tenant’s plans (construction design documents) for that phase of the project;
   b. Tenant’s budget for that phase of the project;
c. Written proof of funds on hand or commitments of financing, or both, adequate to complete that phase of the project; and
d. Adequate payment and performance bonds.

10. Construction shall not commence until the Municipality is reasonably satisfied that Tenant has in place a plan and the financial wherewithal to complete that particular phase of the project. The Municipality shall indicate its approval or disapproval in writing.

11. If the Spencer cross-country ski trail is to be relocated, in whole or in part, because of this project, Options A or B, or some combination thereof are acceptable so long as the relocated trail meets current FIS standards. Option C is rejected. Tenant’s construction of the second ski lift and relocation of the Spencer cross-country ski trail shall be considered a single phase of the project.

12. The Final Approval by the Anchorage Parks and Recreation Advisory Commission expires as to any phase of the project on which construction has not been approved by the Municipality and commenced within five (5) years of January 1, 1999.
AMENDMENT NO. 1
TO LEASE AGREEMENT BETWEEN
MUNICIPALITY OF ANCHORAGE
AND
YOUTH EXPLORING ADVENTURES, INC.

This Amendment No. 1 is made and entered into by and between the Municipality of Anchorage (hereinafter referred to as "Landlord") and Youth Exploring Adventures, Inc. (hereinafter referred to as "Tenant") and is consented to by Key Bank National Association as Tenant’s secured party and assignee (hereinafter referred to as "Key Bank").

Whereas, Landlord and Tenant entered into a Lease Agreement (the “Lease”) for professional services in managing and operating the Property, dated June 20, 2000; and,

Whereas, the responsibilities of administration of this Lease have transferred from the MOA Department of Cultural and Recreational Services to the Anchorage Parks and Recreation Department; and

Whereas, the Landlord desires to ensure the continued successful operation of Hilltop Alpine Ski Area for the youth of Anchorage and desires to provide additional recreational opportunities to the residents of Anchorage; and

Whereas, the parties have the authority to amend the Lease pursuant to Section 29 of the Lease and desire to do so;

NOW, THEREFORE in consideration of the mutual covenants and agreements contained in the Lease, the parties do hereby agree that the Lease shall be amended as follows:

1. Introduction and index of the lease agreement, Page 1, paragraph 1 is amended in its entirety to read as follows:

   THIS LEASE AGREEMENT ("Lease") is entered into this 20th day of June, 2000, by and between the Municipality of Anchorage (Landlord) and Youth Exploring Adventures, Inc., (Tenant). Landlord and Tenant agree as follows. This Lease consists of:

   A. 40 Sections.
   B. Appendix A, USKH Map of Property
   C. Appendix B, YEA, Inc. Corporate Resolution
   D. Appendix C, Anchorage Parks and Recreation Advisory Commission Conditions
   E. Appendix D, Management, Use, and Control of Property

Amendment No. 1
July 20, 2005
Page 1 of 16
2. Page 2, Section 1 – Definitions and Property Description. Paragraphs B and C are amended in their entirety to read as follows:

B. “Department” means the Anchorage Parks and Recreation Department of Landlord.

C. “Administrator” means the Director of the Anchorage Parks and Recreation Department, or designee.

3. Page 2, Section 1 – Definitions and Property Description. A new paragraph F and paragraph G is added to read as follows:

F. “Winter season” means October 16th through April 15th.

G. “Summer season” means April 16th through October 15th.

4. Page 3, Section 2 – Intent. This Section is amended in its entirety to read as follows:

A. The parties agree that Tenant may use, and will operate and manage the ski areas located on the Property in a manner consistent with accepted industry standards and practices.

B. Tenant is experienced in the business of operating and managing skiing and related ski hill operations similar to those present or contemplated for the Property.

C. Landlord agrees to permit and authorize Tenant to use the Property, and Tenant agrees to operate and manage skiing and related ski hill operations on the Property on the following terms and conditions.

5. Page 3, Section 4 – Termination of Lease. Paragraph B of this section is amended in its entirety to read as follows:

B. Landlord’s Right to Cure. Tenant’s Breach. In the event of Tenant’s breach of any covenant of this Lease, Landlord may at any time, upon thirty (30) days notice to Tenant, cure such breach for the account and at the expense of Tenant. If Landlord at any time by reason of such breach is compelled to pay or elects to pay any sum of money or to do any act that will require the payment of any sum of money, the sum or sums so paid by Landlord, together with interest thereon at the rate of seven and one-half percent (7.5%) per
annum, may, at the sole discretion of Landlord, be added to any fees or sums otherwise payable by Tenant to Landlord, and shall be due from Tenant immediately.

6. Page 4, Section 5 – Duties Upon Termination or Expiration, Paragraph A. Paragraph A is amended in its entirety to read as follows:

A. Upon termination or expiration of this Lease, Landlord may, in its sole discretion and upon written notice, direct Tenant to remove any equipment or personal property on the Property, remediate any contamination, and restore the Property if Landlord determines that: (1) the continuation of the equipment and/or personal property on the Property is not in the best interest of Landlord, or (2) the equipment and/or personal property presents a hazard to public health or safety. If so directed by Landlord, Tenant shall remove within sixty (60) days, or a mutually agreed upon length of time, any or all its equipment and personal property from the Property. Any equipment and/or personal property left on the Property sixty (60) days, or a mutually agreed upon length of time, after direction for removal shall be deemed abandoned and Landlord may either retain or have such property removed at Tenant’s expense. Due to climate constraints in the winter, timely removal of said equipment and personal property might not be possible. In such case, the removal date shall be set within the May 15-September 15 period. Tenant shall leave the Property in a good, clean condition, normal wear and tear excepted.

7. Page 4, Section 6 – Rent. This section is amended in its entirety to read as follows:

A. Percentage of Gross Revenues. Rent for the Term of this Lease, including any optional or renewal term, shall be calculated initially at the rate of two percent (2%) of the total gross receipts generated by Tenant on the Property as defined herein, and paid quarterly to Landlord. The rental rate may be adjusted by Landlord every two years by no greater than ¼ of 1% (e.g., from 2% to 2 ¼%, from 2 ¼% to 2 ½%, etc.) each adjustment.

B. Rent Credits. Tenant will be given a credit against rent equal to the actual costs of permanent capital improvements made upon the Property by Tenant after commencement of the Lease term, provided that Landlord has pre-approved the capital improvement for a rent credit pursuant to section 8 paragraph B. Tenant may carry forward
such credits against future rent obligations, but will not, under any circumstances be entitled to any refund, rebate, reimbursement or other payment by Landlord based upon the value of improvements. The capital improvements made by Tenant as of the date of this Amendment No. 1 are hereby ratified by Landlord and approved as eligible for rent credit.

C. Sources of Gross Revenues. For purposes of determining quarterly rent, gross receipts shall include the aggregate total amount of sales made and services performed by Tenant, Tenant’s consignees, agents, subcontractors, and subtenants on the Property whether such activities are for cash or on credit. Sales on credit are to be included in gross receipts at the time such are discharged by payment. Sales and services include, but are not limited to, lift tickets, including competition entry fees; rentals; sales of apparel or equipment related to winter ski hill activities; retail sales of food or beverages in the ski chalet during the winter skiing season; and sales from vending or coin-operated equipment. Amounts received as grants or donations by Tenant, and business trade outs, shall not be included in Tenant’s gross revenues. Any sales tax collected on items producing receipts shall not be included in the gross receipt calculation.

D. Payment of Rent. Rent as provided herein shall be payable quarterly to Landlord for activity occurring during the previous quarter. Such payments shall be due and payable within forty-five days (45) days after the end of each calendar quarter.

E. Overpayment and Underpayment. In the event that the review or audits permitted herein discover an overpayment of rent during the reporting period, the amount of overpayment shall be credited to the next quarterly rent payment. In the event an underpayment is discovered, the amount of the underpayment shall be paid within thirty (30) days of the discovery.

F. As a Condition of Tenant’s retention of the remaining gross revenues, Tenant shall have paid all municipal taxes currently due and owing by Tenant.

G. Loan to Tenant. Landlord will loan Tenant one hundred twenty thousand dollars ($120,000) at a six percent (6%) interest rate, for calendar year 2005 operating expenses. The Tenant shall repay the loan, according to the following schedule:

- Jan - Mar 15
- Apr - Jun 15
- Jul - Sep 15
- Oct - Dec 15
- Jan - Mar 16
- Apr - Jun 16
- Jul - Sep 16
- Oct - Dec 16
- Jan - Mar 17
- Apr - Jun 17
- Jul - Sep 17
- Oct - Dec 17
Due May 1, 2006 | $46,000
Due May 1, 2007 | $44,800
Due May 1, 2008 | $42,400

**TOTAL** | **$133,200**

<table>
<thead>
<tr>
<th>Repaid principal</th>
<th>$120,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total interest paid</td>
<td>$13,200</td>
</tr>
</tbody>
</table>

**Failure of Tenant to Make Loan Payment(s) When Due:**

Notwithstanding the provisions of Section 4 – Termination of Lease of the Lease Agreement, dated June 20, 2000, the failure of Tenant to make any loan payment required to be made by Tenant hereunder, as and when due, under this Lease Agreement, as amended, shall be considered a material breach of the Lease Agreement, as amended, and shall constitute grounds for termination of the Lease Agreement, as amended. Landlord shall give Tenant written notice of the default, pursuant to Section 17 of the Lease Agreement, as amended. Tenant shall have ten (10) days from the date of the written notice to cure the default. Should Tenant fail to cure the default within the ten (10) day notice period, Landlord may, at any time thereafter, without notice or demand and without limiting Landlord in the exercise of any right or remedy which Landlord may have by reason of such default:

1. Terminate Tenant’s right to possession of the Property by any lawful means, in which case this lease and the term hereof shall terminate and Tenant shall immediately surrender possession of the Property, including all buildings and improvements to Landlord;

2. Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant’s default including, but not limited to, the cost of recovering possession of the Property together with attorney’s fees and costs.

8. Page 5, Section 8 – Property Improvements and Conditions Thereunto. Paragraph B of this section is amended in its entirety to read as follows:

**B. Improvements.** After prior written approval of Landlord, which approval shall not be unreasonably withheld, and obtaining all approvals, licenses, and permits required by the Lease and by law for improvements, Tenant shall undertake completion of the
improvements specified in its operations plans. Failure to complete
the improvements within five years after commencement of the
improvements shall constitute a material breach of this Lease.

1. All capital improvements, trail construction and trail
relocation shall be in accord with the concept and final
conditions of development recommended by the Anchorage
Parks and Recreation Advisory Commission (set forth in
Appendix C. to this Lease) or the Commission’s amendments
to those conditions approved by the Mayor or his designee.

2. Physical development and capital improvements to the
Property shall:

a. not be commenced until documentation confirming
funding source and full funding is provided to the
Landlord, and the project has been accepted and
approved in writing by the Landlord;

b. conform to final Planning and Zoning Commission,
Parks and Recreation Commission, and/or Urban
Design Commission approved site plan conditions and
requirements, including their conditions and
restrictions on tree and natural vegetation clearing and
removal and natural habitat; and

c. conform to applicable laws and regulations and have
and conform to all permits, licenses and inspections
required by law.

3. Tenant may receive a rent credit for the cost to construct a
permanent capital improvement if Landlord’s written
approval for the capital improvement specifies that the
improvement will be eligible for rent credit. With respect to
capital improvements made by Tenant as of the date of this
Amendment No. 1, said improvements, to the extent
previously qualified under the Lease Agreement prior to this
Amendment No. 1, are approved and remain eligible for rent
credit.

4. Each funding and revenue source and each permanent capital
improvement shall be identified as a line item in Tenant’s
annual operating budget and be accepted by the Landlord.
9. Page 5, Section 9 – Management of Property. This section is amended to read as follows:

A. **Mandatory Uses.** Subject to all terms and conditions set forth in Appendix D, attached hereto and incorporated by reference, Tenant shall manage the Property for the operation of a public ski area for the benefit of the general public.

B. **Permitted Uses.** Subject to the terms and conditions set forth in Appendix D, Tenant may make the Property available to conduct "winter" recreation activities compatible with park and recreational use and existing or permitted improvements, including but not limited to any or all of the following activities: alpine and/or cross-country skiing, snowboarding, ice skating, sale of food and beverages in ski chalet during winter recreation season, and clothing and winter equipment sales and rentals.

C. Operations and Mitigation of Effects. Tenant’s operation of the property’s winter recreation facilities and trails and the mitigation of adverse effects on the surrounding area, including hours of operation, facility usage and rental, wildlife and snow-making, shall be in accord with operating procedures and policies approved by the Anchorage Parks and Recreation Department after review and recommendations by the Anchorage Parks and Recreation Advisory Commission.

10. Page 6, Section 10 – Non-Exclusive Use and Control of Property; Use by Others. Section 10 is hereby deleted in its entirety.

11. Page 7, Section 11 – Security of Property. This section is amended in its entirety to read as follows:

A. Landlord and Tenant shall cooperate to maintain security of the property.

B. Tenant shall review and update its business plan annually, concurrent with preparation of Tenant’s annual budget.

C. Tenant shall take all reasonable precautions to prevent unauthorized entry onto the Property including the placing of signs, fences or other devices intended to deter or restrict such entry; however, the construction of a perimeter fence shall not be necessary.
D. At a minimum, Tenant shall construct or install barriers, gates or other similar devices across roads, driveways, paths, or trails that are intended to prevent or deter unauthorized vehicular traffic from entering the Property.

E. Keys to locking gates, fences, and barriers shall be provided to Landlord by Tenant.

12. Page 7, Section 13 – Records Management. Paragraph E of this section is amended in its entirety to read as follows:

E. **Public Information.** Landlord reserves the right, in accordance with Anchorage Municipal Code 3.90 as amended, to publish or otherwise make known to the public the results of any audit, or financial information acquired and in its possession in conjunction with the Lease. Tenant acknowledges that all records and information in possession of Landlord may be made available for public inspection and copying, and that unless Tenant conspicuously marks any submittals to Landlord as “Confidential” and the same are in fact to be held confidential as a matter of law, the same may be made available to the public.

13. Page 8, Section 14 – Budget, Plans and Reporting Requirements. This section is amended in its entirety to read as follows:

A. Tenant shall provide an updated operations plan for the ski hill and related winter recreation activities and a proposed budget annually on or before September 30th for Landlord’s approval. The business plan of Tenant for the operation and development of the Hilltop Ski Area shall be subject to inspection and approval by the Anchorage Parks and Recreation Department after review and recommendations by the Anchorage Parks and Recreation Advisory Commission. Upon such approval, which shall not be unreasonably withheld, Tenant shall manage and operate the area pursuant to such plans. At any time that Tenant desires to amend such plan or significantly alter its operations, a revised operations plan shall be submitted to Landlord for approval prior to implementation.

B. Tenant shall provide quarterly financial statements detailing not only revenues but also expenditures, assets, and liabilities. Quarterly reports shall be due 30 days after the close of the quarter.
C. Scheduling. The parties agree that Tenant may pre-schedule events and offer reservations to select groups for winter recreational activities.

D. Fees and Charges. Fees and charges for winter recreation related products and services shall be established by Tenant, a copy of which shall be provided to the Administrator.

14. Page 9, Section 17 – Notices. This section is amended in its entirety to read as follows:

All notices to be given hereunder shall be in writing and shall be deemed given when personally delivered, sent via facsimile (fax) or when deposited in the United States Postal Service mail, postage prepaid, certified, receipt requested or registered and addressed as follows:

LANDLORD
Municipality of Anchorage
Anchorage Parks & Recreation Department
Attn: Director
Post Office Box 196650
Anchorage, AK 99519
FAX: 278-6595

TENANT
Youth Exploring Adventures, Inc.
d/b/a Hilltop Ski Area
7015 Abbott Road
Anchorage, AK 99516
FAX: 346-3391

AND

Municipality of Anchorage
Attn: Municipal Manager
Post Office Box 196650
Anchorage, AK 99519
FAX: 343-4110

15. Page 9, Section 18 – Assignment. This section is amended in its entirety to read as follows:

A. Assignment. Tenant shall not assign this Lease or any interest herein, or permit any concession or third party to conduct any portion of Tenant’s required operational obligations of the Property, without the prior written consent of the Landlord, which consent may be withheld in the sole and unfettered discretion of Landlord, for any cause or for no cause. Any assignment without Landlord’s
prior written consent shall be voidable by Landlord and shall, at the
option of Landlord, be deemed a breach of this Lease allowing for
immediate termination of the Lease. No consent to any such
assignment shall constitute a waiver or discharge of the provisions
of this paragraph except as to the specific instance covered thereby.

B. Security Assignment. Subject to the prior written consent of the
Landlord, which consent shall not be unreasonably withheld, Tenant
shall have the right to assign this Lease for security purposes to a
lender or lender’s trustee to finance required and optional
improvements, thereby enabling the lender or assignee for security
purposes to acquire or assume the Lease and enabling the lender to
assign the Lease after so acquiring it, under the same terms and
conditions as this Lease provides, subject to Landlord’s prior written
consent, which consent shall not be unreasonably withheld, and to
applicable requirements of the Anchorage Municipal Code as
amended, if any. Notice of any such assignment for security
purposes shall be delivered in writing to Landlord, along with a copy
of any notes, UCC filings or any other document pertaining to such
assignment within five (5) days of the effective date of such
assignment. In addition, any such assignment for security purposes
shall require the assignee thereof to notify Landlord herein upon the
occurrence of a breach of default by Tenant of the terms of the
assignee’s security instrument, and further require notice of default
to be given to Landlord at the same time notice is given to Tenant
and prior to the assignee taking management of the Property or
offering the interest for sale based upon any such breach or default.
To be valid, all assignment instruments, including the Consent to
Assignment of Lease for Security Purposes, must be approved by
Landlord and the assignment must give Landlord the right to cure on
the same terms as given to Tenant. Tenant’s March 3, 2005
assignment of this Lease for security purposes to Key Bank as
security for a loan made by Key Bank to Tenant in the principal
amount of $430,000, with interest thereon (hereinafter the “Key
Bank Loan”), is hereby acknowledged and approved by Landlord.

C. Survival of Tenant Liability. Any assignment of this Lease or any
interest under it shall not relieve the Tenant from its obligations
under this Lease, and the Municipality may seek recovery or
damages for any breach against the Tenant without seeking such
recovery directly against the assignee or other parties who might also
be liable.
16. Page 11, Section 23 – Liens on Buildings and Improvements. This section is amended in its entirety to read as follows:

All buildings and improvements (exclusive of trade fixtures), constructed or placed upon the Property by the Tenant, are the property of the Landlord and must be kept free and clear of all liens, claims, encumbrances or liability for labor or materials, subject to any consented to lien(s) for security purposes. Landlord hereby acknowledges the security interests granted by Tenant to Key Bank to secure the Key Bank Loan.

17. Page 11, Section 25 – Promotion and Signs. Paragraphs A and B are amended in their entirety to read as follows:

A. Promotion. Tenant shall promote, advertise and otherwise offer to the public the privileges of the area’s winter alpine skiing facilities. Any such promotion or advertising shall comply with applicable law and indicate that the area is a municipal facility open to the public. The Landlord shall promote and advertise the Property as the Southeast Anchorage Parks District Office and activities and events, other than winter alpine skiing, to maximize use of the property for the benefit of the public.

B. Permanent Signs. Tenant will not erect any signs on the Property intended for viewing by persons outside the Property, except that Tenant shall be entitled to install, with the consent and approval of the Landlord, not more than two (2) signs at the entrance informing the public of the direction to the entrance. Tenant may also install signs on the Property intended to prevent trespassing and vandalism, and to guide or regulate activities on the Property. Any signs erected by Tenant shall comply at all times with any law in effect that regulates signs, advertisements, or their content, including the Anchorage Municipal Code, and shall be pre-approved by Landlord in writing.

C. Temporary Signs: Signs promoting a special event shall be allowed, provided that such signs are not posted for more than seven days and comply with all municipal code provisions and regulations applicable to temporary signs.

18. Appendix D – Management, Use, and Control of Property. The parties hereby agree to incorporate into the lease agreement an Appendix D. The Appendix D is attached hereto and incorporated by reference.
19. The parties agree that all other portions of the original Lease Agreement, dated June 20, 2000, together with amendments, shall remain in full force and effect in accordance with its terms.

IN WITNESS THEREOF, the parties have executed this Amendment No. 1 on the date and at the place shown below.

LANDLORD
MUNICIPALITY OF ANCHORAGE
By: 
Denis C. LeBlanc
Municipal Manager
Dated: 7/22/05

TENANT
YOUTH EXPLORING ADVENTURES, INC.
d/b/a Hilltop Ski Area
By: 
Steve Remme
Chief Executive Officer
Dated: 7-21-05

Recommendation for approval:

Office of Economic & Community Development
By: 
Mary Jane Michael
Executive Director
Dated: 7-21-05

Approved by Tenant’s Secured Party/Assignee, Key Bank National Association:

Key Bank
By: 
Name: Charles Eddy
Title: Vice President
Dated: 7-21-05
APPENDIX D
Management, Use, and Control of Property

1. Non-exclusive Use/Control. This Lease creates in Tenant a non-exclusive interest in the Property. Tenant agrees that Landlord may, at its sole discretion, choose to allow other organizations access to the park for purposes benefiting Landlord. Tenant acknowledges that the Property is a part of the Far North Bicentennial Park, and as such is intended by Landlord to provide various recreational opportunities to the public. Such activities may include, but are not limited to, equestrian, hiking, biking, and cross-country skiing. Tenant recognizes that adjacent recreational activities may at times result in some intrusion upon the Property, but the parties agree that the public shall have the right to use the Property for purposes and time periods as permitted by the Landlord’s unfettered discretion.

2. Public Access. The Property shall remain open to the public and Tenant’s use of the Property shall be non-exclusive, it being the intent of the parties that others (including, but not limited to, vendors or concessionaires authorized by Landlord) be permitted to access and use the Property in a manner permitted by Landlord and not inconsistent with Tenant’s use under this Lease. Trails, lodge/chalet, parking, and recreational facilities of the Hilltop Ski Area shall be open to the public in accordance with the parks and recreation facility policies of the Anchorage Parks and Recreation Department, after review and recommendations by the Anchorage Parks and Recreation Advisory Commission.

3. Reservation of Access. Landlord retains the right to full and complete access to the Property, as well as full and complete use of the Property for operation of a Southeast Anchorage Parks District Office, for recreational activities and special events, and for the construction, repair, or maintenance of the utilities or facilities. Landlord retains the right to designate or grant rights-of-way or utility easements across the Property without compensation, provided that Tenant shall be compensated for the taking or destruction of any improvements installed by Tenant at its expense during the term of this Lease, and provided further that Tenant at its option may terminate the Lease.

A. Landlord, its authorized representatives, agents and employees shall have the right to be present upon the Property at all times for:

(1) Operation of a Southeast Anchorage Parks District Office;
(2) Recreational activities, programs, and special events;
(3) Inspection of the Property, facilities, and equipment;
(4) Observation of Tenant’s operations;
(5) Cleaning, repair, maintenance, alteration, construction or
improvement of the Property as Landlord may deem necessary;

(6) Showing the Property to prospective contractors, or lenders;
(7) Abating any nuisance, health or hazardous condition on the Property; and
(8) Preserving and protecting the Property.

B. The right of access reserved herein does not impose, nor does Landlord assume by reason thereof, any responsibility for the care, maintenance or supervision of Tenant’s property and equipment associated with the operation of an alpine ski area and related winter recreation activities. Tenant shall not be entitled to any abatement or reduction in rent by reason of Landlord’s access or presence on the Property.

4. Services and Responsibilities of the Tenant:

A. Tenant shall be responsible for operating an alpine ski area and for related winter recreation activities.

B. Tenant shall be responsible for operating and maintaining:

(1) all facilities erected by Tenant;
(2) the alpine ski area;
(3) all Tenant-installed equipment; and
(4) the road and parking lot.

C. Tenant shall allow Landlord to jointly use all public spaces in the ski chalet building as the Landlord’s Southeast Anchorage Parks District Office. Tenant shall provide Landlord with at least 48 square feet of lockable office space in the in the prime office area within the ski chalet building and with another 529 square feet of heated storage space located on the property during the winter season (October 16th through April 15th) and with 7,322 square feet during the summer season (April 16th through October 15th). Tenant will operate the chalet and counter during the winter season and Landlord will operate the chalet and counter during the summer season.

5. Services and Responsibilities of the Landlord

A. All revenues for events, programs, activities and chalet rentals that are scheduled by Landlord shall be retained by the Landlord. Tenant’s revenues shall be limited to revenues accruing from Tenant’s winter
recreation activities as defined in gross revenues under Section 6 (C) of the Lease Agreement.

B. Landlord shall reimburse Tenant for the rental of the chalet at the rate of $2.00 per square foot based on the following areas:

<table>
<thead>
<tr>
<th>Season</th>
<th>Area</th>
<th>Rate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Winter Season Chalet</td>
<td>48s.f</td>
<td>$ 96.00</td>
<td>$ 576.00</td>
</tr>
<tr>
<td>Winter Season Storage</td>
<td>529s.f</td>
<td>$1,058.00</td>
<td>$6,348.00</td>
</tr>
<tr>
<td>Summer Season Chalet</td>
<td>7,322s.f</td>
<td>$14,644.00</td>
<td>$87,864.00</td>
</tr>
<tr>
<td>Total Annual Rent</td>
<td></td>
<td></td>
<td>$94,788.00</td>
</tr>
</tbody>
</table>

Landlord will reimburse Tenant for rent up to a maximum of $94,788.00 per year, beginning January 1, 2006. Landlord will reimburse Tenant on a quarterly basis with one quarter of the annual rent due each January 1, April 1, July 1 and October 1 of each calendar year.

C. Landlord may construct or make any improvements to the Property, provided that the changes do not reasonably impede Tenant’s operation of the alpine ski area.

D. The rental rate of the Chalet shall include facility maintenance and upkeep by the Tenant as well as the following utilities (electric, gas, septic, trash disposal, and water. Phone service shall not be included in the rental rates.

F. The rental rates shall be reviewed bi-annually and may be adjusted by no greater than ½ of 1% for each adjustment.

G. Failure of user group renting the chalet to leave the premises in a satisfactory clean condition shall result in forfeiture of the cleaning deposit which shall be paid to Hilltop as compensation for the additional cleaning services required. Clean up shall be based on written cleaning list provided to the rental groups.

6. Joint Responsibilities

Landlord and Tenant shall:

A. Conduct joint promotion and marketing activities for the area, promoting the area as a four-season recreational area;
B. Cooperate to promote the development of programs and services to benefit all Anchorage residents and to maximize public use of the area;

C. Coordinate use of the chalet. Landlord shall be responsible for scheduling events and programs at the chalet during the summer season. Tenant shall be responsible for scheduling events and programs at the chalet during the winter season. Landlord shall be entitled to reasonable use of the chalet during the winter season, at no additional cost to Landlord, so long as said use does not interfere with the normal ski operations of Tenant. Tenant shall be entitled to reasonable use of the chalet during the summer season for fundraising events, Tenant board meetings, and other Tenant sponsored events as long as Landlord does not have other rental(s) and/or events scheduled that conflict. Landlord agrees to waive chalet rental fees for Tenant’s fundraising event(s), board meetings and other Tenant sponsored events so long as Tenant provides its own staffing requirements for such use. Tenant shall direct all requests for use of the chalet during the summer season to Landlord’s Southeast Anchorage parks district manager.

D. Designate primary contact persons. Landlord and tenant shall each designate a primary contact person who will be responsible for coordination and communication under this agreement.

E. Work to resolve conflicts. In the event of a dispute between Landlord and Tenant, Landlord and Tenant’s designated contact persons shall first endeavor to resolve the dispute. If the contact persons are unable to resolve the dispute, then Landlord and Tenant’s designated contact persons shall present the dispute to Anchorage Parks and Recreation Department’s Recreation Superintendent for the area. If the Recreation Superintendent is unable to resolve the dispute, then the Superintendent shall ask the Director of the Anchorage Parks and Recreation Department to resolve the dispute.
AN ORDINANCE APPROVING THE LONG-TERM (NOT EXCEEDING 30 YEARS) LEASE
OF THE HILLTOP SKI AREA WITH MODIFIED BOUNDARIES (APPROXIMATELY 160
ACRES) IN THE MUNICIPALITY’S FAR NORTH BICENTENNIAL PARK TO YOUTH
EXPLORING ADVENTURE, INC., A NON-PROFIT CORPORATION DOING BUSINESS AS
HILLTOP SKI AREA, TO CONTINUE THE USE, MANAGEMENT AND DEVELOPMENT OF
THE HILLTOP SKI AREA BY YOUTH EXPLORING ADVENTURE, INC. AS A PUBLIC
RECREATION AREA AND SUBMITTING TO THE QUALIFIED VOTERS OF THE
MUNICIPALITY AT THE REGULAR MUNICIPAL ELECTION APRIL 4, 2000 A BALLOT
PROPOSITION TO APPROVE SAID LONG-TERM LEASE.

WHEREAS, Youth Exploring Adventure, Inc. d/b/a Hilltop Ski Area is a non-profit
corporation (herein also the “Corporation”) which has used, managed and developed the Hilltop Ski
Area of the Far North Bicentennial Park of the Municipality as a public winter recreational site since
March 23, 1983; and

WHEREAS, Youth Exploring Adventure, Inc. desires to further develop the Hilltop Ski Area
by construction of permanent improvements of substantial dollar value to be paid for by the
Corporation from grants, loans and donations to the Corporation and other sources; and

WHEREAS, the further development and improvement of the Hilltop Ski Area by the
Corporation for use of the public is in the best interests of and for the benefit of the Municipality
and its citizens; and

WHEREAS, the Hilltop Ski Area consists of approximately 160 acres of land located in the
Far North Bicentennial Park of Anchorage, Alaska as shown on the attached USKH Future Area
Sheet No. C2 dated 1/21/00; and

WHEREAS, pursuant to Anchorage Ordinance No. 84-199 the Hilltop Ski Area is dedicated
to park and recreational uses, the lease of which must be approved by the voters of the Municipality
pursuant to Anchorage Municipal Charter §10.02(8); now therefore,

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1: Subject to the provisions of Charter §10.02(8) and the public vote required therein, the
Assembly hereby approves and authorizes the long-term, non-exclusive lease of the Hilltop Ski Area
of the Municipality’s Far North Bicentennial Park as shown on the USKH Future Area Sheet No. C2 dated 1/21/00 (Appendix A/hereto) containing approximately 160 acres to Youth Exploring Adventure, Inc. d/b/a Hilltop Ski Area, a non-profit corporation on the following terms and conditions for its continued use, management and further improvement to be operated as a primarily outdoor, recreation site for skiing and other recreational activities with indoor amenities open to the general public:

1. A lease term of 20 years with an option to renew for an additional 10 years;
2. A lease rate of 2% of gross revenues adjustable every two years by up to an additional 1/4% payable either in cash or permanent capital improvements of equal value;
3. All permanent capital improvements to become the property of the Municipality upon termination or expiration of the lease;
4. Youth Exploring Adventures, Inc. to pay all utilities;
5. No assignment of the lease without the approval of the Municipality, except that the Mayor may consent to an assignment for security purposes;
6. All capital improvements and trail construction and relocation to be in accord with the concept and final conditions of development recommended by the Anchorage Parks and Recreation Commission or the latter’s amendments to said conditions, approved by the Mayor or his designee.
7. Such other and additional terms and conditions as the Mayor may deem necessary and advisable in the best interests and for the protection of the Municipality and the general public.

Section 2. The USKH Future Area Sheet No. C2 dated 1/21/00 (Appendix A/hereto) containing approximately 160 acres shall be transcribed into a legal description acceptable to the Municipal Surveyor for the public election notices of this ballot proposition.

Section 3. That, pursuant to Charter §10.02(8), a ballot proposition in substantially the following form shall be submitted to the qualified voters of the Municipality at the regular municipal election to be held April 4, 2000:

Proposition

APPROVING ANCHORAGE ORDINANCE No. 2000-43 AUTHORIZING A LONG-TERM LEASE OF THE HILLTOP SKI AREA FOR ITS CONTINUED USE, MANAGEMENT, IMPROVEMENT AND DEVELOPMENT BY YOUTH EXPLORING ADVENTURE, INC. D/B/A HILLTOP SKI AREA

Shall Anchorage Ordinance 2000-43 authorizing the Municipality of Anchorage to enter into a long-term, non-exclusive lease not to exceed 30 years of the Hilltop Ski Area with modified boundaries containing approximately 160 acres for the continued use, management, improvement and development as a public recreation facility by Youth Exploring Adventure, Inc. doing business as Hilltop Ski Area and the lease of land provided for therein be approved?

Yes [ ]  No [ ]
The Hilltop Ski Area with modified boundaries consists of approximately 160 acres within the Far North Bicentennial Park of Anchorage off of Abbott Road on the south Anchorage Hillside as described in Anchorage Ordinance 2000-43.*

Section 5: The Proposition set forth in Section 1. of this ordinance shall become effective upon certification of the election at which presented if, but only if, said Proposition is approved by a majority of the qualified voters voting on the Proposition. All other Sections of this ordinance shall become effective immediately upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly this 15 day of FEBRUARY, 2000.

Chair of the Assembly

ATTEST:

Municipal Clerk

*The modified boundaries include 30 acres not currently within existing boundaries. If Anchorage Ordinance 2000-43 fails to gain voter approval, the Municipality, through the Cultural and Recreational Services Department intends to offer a revocable, five-year permit to Youth Exploring Adventure, Inc. for the existing 200 acre lease area.
From: Mayor

Subject: AN ORDINANCE APPROVING THE LONG-TERM LEASE OF THE HILLTOP SKI AREA WITH MODIFIED BOUNDARIES (APPROXIMATELY 160 ACRES) IN THE MUNICIPALITY’S FAR NORTH BICENTENNIAL PARK TO YOUTH EXPLORING ADVENTURE, INC., A NON-PROFIT CORPORATION DOING BUSINESS AS HILLTOP SKI AREA TO CONTINUE THE USE, MANAGEMENT AND DEVELOPMENT OF THE HILLTOP SKI AREA BY YOUTH EXPLORING ADVENTURE, INC. AS A PUBLIC RECREATION AREA AND SUBMITTING TO THE QUALIFIED VOTERS OF THE MUNICIPALITY AT THE REGULAR MUNICIPAL ELECTION APRIL 4, 2000 A BALLOT PROPOSITION TO APPROVE SAID LONG-TERM LEASE.

AO 2000-43 is introduced to clarify that the ordinance requesting approval is for the modified area and more specifically describes the terms of the 20-year lease. The modified land area has been reviewed and recommended by the Anchorage Parks and Recreation Commission and supported by the Administration. Terms of the 20-year lease have been agreed to between Youth Exploring Adventure, Inc. and the Administration. A copy of the concept and final conditions of development recommended by the Anchorage Parks and Recreation Commission are attached.

AO 2000-22(S) was submitted to the Assembly January 25, 2000, and included a description of the current land area used (approximately 200 acres) by Youth Exploring Adventure db/a Hilltop Ski Area and substituted a more refined description (approximately 160 acres). The land area is reduced by approximately 40 acres with the modified boundaries. This revised description more accurately reflects the current management and operation area of the ski facility plus that area proposed for further development of a community center/chalet, parking and roadway improvements, and an additional ski run/relocation of Spencer Loop. Areas and facilities not affiliated with the operations of Hilltop Ski Area are excluded, i.e. both ski jumps, cross country ski trails except for a portion of the Spencer Loop. A map of the modified area is attached to the ordinance.

THE ADMINISTRATION REQUESTS APPROVAL OF AO 2000-43.

Concurred by: George J. Yakalis Municipal Manager

Concurred by: Kathleen A. Kingston, Director
Cultural and Recreational Services
Respectfully submitted,

Rick Mystrom, Mayor

Prepared by:

Marianne Beckham
Marianne Beckham, Contract Manager
Cultural and Recreational Services
F.I.S. standards in effect at the time of construction of the project, so as to provide an acceptable Olympic caliber racing trail that closes on itself and avoids the heavily used novice lighted loop.

7. That existing and future ski jump facility needs be carefully inventoried to determine the requirements of that program to ensure that Hilltop’s expansion project will in no way

8. That Hilltop’s Use Agreement be specifically revised to recognize that all permanent buildings and facilities developed by Hilltop as part of this proposal, be considered municipal property for the purpose of allowing the Municipality to support the long term maintenance of these buildings. The amended use agreement should also include reinstatement of the standard concessionaire fee routinely charged all other non-profits using park facilities, as a way to offset associated municipal costs for providing support administration, staffing, operations, and maintenance.
Final approval granted subject to the following conditions (December 1998):

1. Prior to commencing construction on any phase of the project, Hilltop shall submit to the Municipality for its approval:
   a. Hilltop’s plans (construction design documents) for that phase of the project;
   b. Hilltop’s budget for that phase of the project;
   c. Written proof of funds on hand or commitments of financing, or both, adequate to complete that phase of the project; and
   d. Adequate payment and performance bonds.

   Construction shall not commence until the Municipality is reasonably satisfied that Hilltop has in place a plan and the financial wherewithal to complete that particular phase of the project. The Municipality shall indicate its approval or disapproval in writing.

2. If the Spencer cross-country ski trail is to be relocated, in whole or in part, because of this project, Options A or B, or some combination thereof are acceptable so long as the relocated trail meets current FIS standards. Option C is rejected. Hilltop’s construction of the second ski lift and relocation of the Spencer cross-country ski trail shall be considered a single phase of the project.

3. This Final Approval expires as to any phase of the project on which construction has not been approved by the Municipality and commenced within five (5) years of January 1, 1999.